

Health Care Spending Accounts

By choosing to contribute to the Health Care Spending Account you can round out your health care protection program and help reduce your overall health care expenses. It works by reducing the taxes you pay on dollars you spend on health care. With the Health Care Spending Account, the dollars you spend on health care expenses are never taxed. By contrast, on your annual tax return, your out-of-pocket health care expenses must exceed 7.5 percent of your total income before they qualify as an itemized deduction.

The Health Care Spending Account may be best thought of as a budgeting tool for health care expenses that you anticipate incurring during the year. This worksheet will help you (a) identify your expenses that are eligible for reimbursement, and (b) determine whether and how much to contribute to the Health Care Spending Account. This worksheet does not provide tax advice. Such advice can be provided by a professional tax advisor.

Remember, if you contribute more than you use, federal law requires that the unused amount be forfeited. But, if your eligible expenses for the year far exceed your contribution to the plan, you will not be taking advantage of the potential tax savings. Plan carefully.

Estimating Your Out-of-Pocket Costs for Health Care

Deciding how much to contribute to this plan can be a profitable exercise since the tax savings can be substantial. Even though tax changes may have cut your tax rate, other changes make the Health Care Spending Account very attractive. The Spending Account is an excellent way for you to pay for known expenses with pretax dollars.

1. You will need to estimate your out-of-pocket expenses for the Plan Year. Looking at the expenses you have had over the past few years will give you a good indication of what your expenses might be for the new Plan Year.
 - First, consider payments toward your deductible or office visit copays.
 - Include your cost for routine visits to your family doctors, dentists or other health care providers.
 - If you have predictable expenses for prescribed medications, contact lens solutions, chiropractic visits or other routine care, add those to the total. Over-the-counter drugs, medications and supplies may also be eligible for reimbursement.
 - Review your checkbook for health care expenses you have had.
 - Refer to the list on the last page for additional examples of expenses.
2. Consider how any changes in your situation may affect your estimates for next year. If you expect that you will only have regular doctor's visits, use the deductible as a guide for your out-of-pocket expenses.
3. Refer to the "Eligible Expenses" list in this newsletter for suggestions of expenses you might incur that are not covered by the medical, dental or vision plan, but that can be reimbursed.

Medical (include chiropractic, travel to appointments, etc.)	_____
Dental (include orthodontia)	_____
Vision (exams, frames, etc.)	_____
Prescriptions and over-the-counter drugs, medications and supplies	_____
Other	_____
	Total _____

Eligible Expenses

Health Care Spending Account Eligible Expenses –Check your Plan Document/SPD for details or limitations

Services by an M.D. or Licensed Practitioner when medically necessary, including:

- Acupressurist • Ophthalmologist • Acupuncturist • Optometrist • Anesthesiologist • Osteopath • Chiropractor • Pediatrician
- Christian Science Practitioner • Podiatrist • Dermatologist • Psychiatrist/Psychologist • Midwife • Psychotherapist
- Obstetrician • Surgeon

Maintenance & support devices (these require a letter of medical necessity from a licensed physician)

- Support hose and orthopedic shoes (in excess of regular shoe cost) • Durable medical equipment such as wheelchairs, crutches and wigs for hair loss due to medical treatment • Oxygen equipment and oxygen
- Cost of equipping an auto for the disabled (in excess of regular auto cost) • Prostheses and prosthetic supplies
- Colostomy supplies • Capital expenses—the amounts between the cost of improvements or special equipment installed and the increase in the value of the home • Psychiatric care—may include costs of supporting mentally ill dependents at a specially equipped center where a dependent receives medical care • Massage therapy

Other health-related expenses

- Treatment of alcoholism or drug dependency, including expenses for meals and lodging at a treatment center • Lead-based paint removal in the home • Smoking cessation programs and related drugs

Other fees covered

- Special schooling for physically or mentally disabled dependents • Transportation and lodging expenses incurred for medical reasons • Legal fees paid to authorize treatment for mental illness • Deductibles and co-payments

Medical/Hospital Services when not covered by your employer's plan or another plan:

- Diagnostic services by, or under direction of M.D. • Surgical services by, or under direction of M.D. • X-rays and radiological services for diagnosis or treatment • Expenses for donating or receiving an organ transplant • Nursing services for specific medical ailments by an RN or LPN who is not related to employees • Services of a physical, speech or an occupational therapist • Ambulance • Laboratory fees • Prescription drugs: including insulin, laetrile and birth control pills
- Over-the-counter drugs, medications and supplies.* Only a quantity of two may be purchased at a time. • Vitamins and dietary supplements.** Only a quantity of two may be purchased at a time. • Vaccinations and immunizations • Orthotics

Dental, vision & hearing

- Dental checkups and care (by a DDS or dental hygienist), including dentists' fees, X-rays, fillings, braces, extractions and dentures
- Orthodontics (usually the pro-rated cost attributable to this plan year)
- Cost of guide dog for blind or deaf
- Braille books and magazines (in excess of regular book cost)
- LASIK, Laser, RK surgery or PRK surgery, prescription eyeglasses and contact lenses (including solutions)
- Special devices for the blind (tape recorder, typewriter)
- Hearing aids and care (including batteries)
- Cost of note-taker for a deaf person in school
- Household visual alert & expenses for special phone equipment for a deaf person
- Adapting a television for the deaf

* if used for the diagnosis, cure, mitigation, treatment, or prevention of disease, or, in some cases, for the purpose of affecting any structure or function of the body

** if specifically directed by a licensed practitioner of the healing arts

Examples of INELIGIBLE expenses

- Athletic or health club membership • Insurance premiums of any type • Cosmetic procedures and/or surgeries • Weight reduction programs for general well-being • Household help • Teeth bleaching or whitening • Any illegal treatment • Marriage counseling • Prepayment for services • Electric Toothbrushes • Electric Toothbrushes • Dancing or ballet, even when recommended by a doctor • Sunscreen • Cost of remedial reading classes for a non-handicapped child • Insect Repellent
- Toiletries and sundry items (such as toothpaste, shaving cream, deodorant, shampoo, makeup)

Expenses Not Covered: Prepayment for services

This list is not intended to be a guarantee of reimbursement or eligibility. All claims are reviewed when they are received and the determination of eligibility or reimbursement is made based upon the information received by the participants.